



February 17, 2004

ENGROSSED HOUSE BILL No. 1055

DIGEST OF HB 1055 (Updated February 12, 2004 2:02 pm - DI 44)

Citations Affected: IC 6-1.1; IC 6-3; IC 6-3.5; IC 6-5.5; IC 21-3; IC 36-2; noncode.

Synopsis: Various tax matters. For a petition to the department of local government finance (DLGF) seeking an order to reassess real property in a township, establishes the minimum number of petitioners required without reference to township population. Prohibits a county council from reducing the levy established by the department of local government finance for a property reassessment fund. Delays the transfer of certain tax abatement duties from the department of local government finance to county auditors. Eliminates the limitation that equalization authority of the county property tax assessment board of appeals (PTABOA) applies only to the assessments made with respect to the last preceding assessment date. Directs the county assessor to conduct equalization duties in a year other than a general reassessment year under rules of the DLGF. Allows the DLGF to contract for assistance with equalization studies and school assessment ratio studies. Provides for withholding of part of a county's property tax replacement fund money for failure of local officials to provide certain information to the state, and provides for withholding of money (Continued next page)

Effective: July 1, 2003 (retroactive); January 1, 2004 (retroactive); upon passage; July 1, 2004.

Mays, Orentlicher, Noe, Avery

(SENATE SPONSORS — BORST, SIMPSON)

January 13, 2004, read first time and referred to Committee on Ways and Means.
January 15, 2004, amended, reported — Do Pass.
January 20, 2004, read second time, amended, ordered engrossed.
January 21, 2004, engrossed.
January 22, 2004, read third time, passed. Yeas 97, nays 0.

SENATE ACTION

February 3, 2004, read first time and referred to Committee on Finance.
February 16, 2004, amended, reported favorably — Do Pass.

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distributable in 2004 based on failure to provide certain information in 2003. Adjusts certain rounding factors. Specifies that distributions of local income tax revenue are based on proportionate property tax levies payable in the year that immediately precedes the distribution. Allows the DLGF to adjust certain solid waste management district levies for taxes payable in 2004. Provides that references to the Internal Revenue Code in Indiana law refer to the federal law as in effect on January 1, 2004. Indicates that the law that requires certain bonus depreciation allowed for federal income tax purposes to be added back for state tax purposes applies to the special depreciation allowance for 50-percent bonus depreciation property. Requires that "Section 179 property" deductions in excess of \$25,000 per year that are allowed for federal income tax purposes be added back for state tax purposes. Grants a youth baseball and softball organization an additional period in which to file an application for a property tax exemption. Provides that a person who was not able to apply the unused balance of certain property tax deductions (partially or totally disabled veterans, WWI veterans, and surviving spouse of WWI veterans) as a credit against a person's motor vehicle excise tax liability in 2004 may carry that credit forward to 2005. Repeals the county land valuation commission and provisions involving the PTABOA and the DLGF in the setting of land values.

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February 17, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1055

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-4-5, AS AMENDED BY P.L.90-2002,
2 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 5. (a) A petition for the reassessment of real
4 property situated within a township may be filed with the department
5 of local government finance on or before March 31st of any year ~~which~~
6 ~~is not a general election year and~~ in which no general reassessment of
7 real property is made.

8 (b) The petition ~~for reassessment referred to in subsection (a)~~ must
9 be signed by ~~not less than the following percentage of all the owners of~~
10 ~~taxable real property who reside in the township:~~

11 (1) fifteen percent (15%) for a township which does not contain
12 an incorporated city or town;

13 (2) five percent (5%) for a township containing all or part of an
14 incorporated city or town which has a population of five thousand
15 (5,000) or less;

16 (3) four percent (4%) for a township containing all or part of an
17 incorporated city which has a population of more than five

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thousand (5,000) but not exceeding ten thousand (10,000);
 (4) three percent (3%) for a township containing all or part of an
 incorporated city which has a population of more than ten
 thousand (10,000) but not exceeding fifty thousand (50,000);
 (5) two percent (2%) for a township containing all or part of an
 incorporated city which has a population of more than fifty
 thousand (50,000) but not exceeding one hundred fifty thousand
 (150,000); or
 (6) one percent (1%) for a township containing all or part of an
 incorporated city which has a population of more than one
 hundred fifty thousand (150,000);

at least the lesser of:

- (1) ten (10) owners of real property in a township; or
- (2) the number of owners of real property in the township that
 represents owners of one percent (1%) of the assessed value
 of real property in the township.

(c) The signatures on the petition referred to in subsection (a)
 must be verified by the oath of one (1) or more of the signers. ~~And, A~~
 certificate of the county auditor stating that the signers constitute the
 required number of resident owners of taxable real property of the
 township must accompany the petition.

SECTION 2. IC 6-1.1-4-27.5, AS AMENDED BY P.L.245-2003,
 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 UPON PASSAGE]: Sec. 27.5. (a) The auditor of each county shall
 establish a property reassessment fund. The county treasurer shall
 deposit all collections resulting from the property taxes that the county
 is required to levy under this section in the county's property
 reassessment fund.

(b) With respect to a general reassessment of real property that is to
 commence on July 1, 2007, and each fourth year thereafter, the county
 council of each county shall, for property taxes due in the year that the
 general reassessment is to commence and the three (3) years preceding
 that year, levy against all the taxable property in the county an amount
 equal to one-fourth (1/4) of the estimated cost of the general
 reassessment.

(c) The department of local government finance shall give to each
 county council notice, before January 1 in a year, of the tax levies
 required by this section for that year. **The county council may not
 reduce the tax levies required by this section as established by the
 department of local government finance.**

(d) The department of local government finance may raise or lower
 the property tax levy under this section for a year if the department

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determines it is appropriate because the estimated cost of a general reassessment, including a general reassessment to be completed for the March 1, 2002, assessment date, has changed.

(e) If the county council determines that there is insufficient money in the county's reassessment fund to pay all expenses (as permitted under sections 28.5 and 32 of this chapter) relating to the general reassessment of real property commencing July 1, 2000, the county may, for the purpose of paying expenses (as permitted under sections 28.5 and 32 of this chapter) relating to the general reassessment commencing July 1, 2000, use money deposited in the fund from the tax levy under this section for 2000 or a later year.

SECTION 3. IC 6-1.1-4-32, AS AMENDED BY P.L.235-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section, "contract" refers to a contract entered into under this section.

(b) As used in this section, "contractor" refers to a firm that enters into a contract with the department of local government finance under this section.

(c) As used in this section, "qualifying county" means a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(d) Notwithstanding sections 15 and 17 of this chapter, a township assessor in a qualifying county may not appraise property, or have property appraised, for the general reassessment of real property to be completed for the March 1, 2002, assessment date. Completion of that general reassessment in a qualifying county is instead governed by this section. The only duty of:

- (1) a township assessor in a qualifying county; or
- (2) a county assessor of a qualifying county;

with respect to that general reassessment is to provide to the department of local government finance or the department's contractor under subsection (e) any support and information requested by the department or the contractor. This subsection expires June 30, 2004.

(e) Subject to section 33 of this chapter, the department of local government finance shall select and contract with a certified public accounting firm with expertise in the appraisal of real property to appraise property for the general reassessment of real property in a qualifying county to be completed for the March 1, 2002, assessment date. The department of local government finance may enter into additional contracts to provide software or other auxiliary services to be used for the appraisal of property for the general reassessment. The contract applies for the appraisal of land and improvements with

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respect to all classes of real property in the qualifying county. The contract must include:

- (1) a provision requiring the appraisal firm to:
 - (A) prepare a detailed report of:
 - (i) expenditures made after July 1, 1999, and before the date of the report from the qualifying county's reassessment fund under section 28 of this chapter (repealed); and
 - (ii) the balance in the reassessment fund as of the date of the report; and
 - (B) file the report with:
 - (i) the legislative body of the qualifying county;
 - (ii) the prosecuting attorney of the qualifying county;
 - (iii) the department of local government finance; and
 - (iv) the attorney general;
- (2) a fixed date by which the appraisal firm must complete all responsibilities under the contract;
- (3) subject to subsection (t), a provision requiring the appraisal firm to use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)**;
- (4) a penalty clause under which the amount to be paid for appraisal services is decreased for failure to complete specified services within the specified time;
- (5) a provision requiring the appraisal firm to make periodic reports to the department of local government finance;
- (6) a provision stipulating the manner in which, and the time intervals at which, the periodic reports referred to in subdivision (5) are to be made;
- (7) a precise stipulation of what service or services are to be provided;
- (8) a provision requiring the appraisal firm to deliver a report of the assessed value of each parcel in a township in the qualifying county to the department of local government finance; and
- (9) any other provisions required by the department of local government finance.

After December 31, 2001, the department of local government finance has all the powers and duties of the state board of tax commissioners provided under a contract entered into under this subsection (as effective before January 1, 2002) before January 1, 2002. The contract is valid to the same extent as if it were entered into by the department of local government finance. However, a reference in the contract to the state board of tax commissioners shall be treated as a reference to the department of local government finance. The contract shall be

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1 treated for all purposes, including the application of IC 33-3-5-2.5, as
 2 the contract of the department of local government finance. If the
 3 department of local government finance terminates a contract before
 4 completion of the work described in this subsection, the department
 5 shall contract for completion of the work as promptly as possible under
 6 IC 5-22-6. This subsection expires June 30, 2004.

7 (f) At least one (1) time each month, the contractors that will make
 8 physical visits to the site of real property for reassessment purposes
 9 shall publish a notice under IC 5-3-1 describing the areas that are
 10 scheduled to be visited within the next thirty (30) days and explaining
 11 the purposes of the visit. The notice shall be published in a way to
 12 promote understanding of the purposes of the visit in the affected areas.
 13 After receiving the report of assessed values from the appraisal firm
 14 acting under a contract described in subsection (e), the department of
 15 local government finance shall give notice to the taxpayer and the
 16 county assessor, by mail, of the amount of the reassessment. The notice
 17 of reassessment:

18 (1) is subject to appeal by the taxpayer under section 34 of this
 19 chapter; and

20 (2) must include a statement of the taxpayer's rights under
 21 sections 33 and 34 of this chapter.

22 (g) The department of local government finance shall mail the
 23 notice required by subsection (f) within ninety (90) days after the
 24 department receives the report for a parcel from the professional
 25 appraisal firm. This subsection expires June 30, 2004.

26 (h) The qualifying county shall pay the cost of any contract under
 27 this section which shall be without appropriation from the county
 28 property reassessment fund. A contractor may periodically submit bills
 29 for partial payment of work performed under a contract. However, the
 30 maximum amount that the qualifying county is obligated to pay for all
 31 contracts entered into under subsection (e) for the general reassessment
 32 of real property in the qualifying county to be completed for the March
 33 1, 2002, assessment date is twenty-five million five hundred thousand
 34 dollars (\$25,500,000). Notwithstanding any other law, a contractor is
 35 entitled to payment under this subsection for work performed under a
 36 contract if the contractor:

37 (1) submits, in the form required by IC 5-11-10-1, a fully
 38 itemized, certified bill for the costs under the contract of the work
 39 performed to the department of local government finance for
 40 review;

41 (2) obtains from the department of local government finance:

42 (A) approval of the form and amount of the bill; and

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- (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
- (A) a duplicate copy of the bill submitted to the department of local government finance;
- (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and
- (C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection. This subsection expires June 30, 2004.

(i) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department of local government finance under this section:

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.
- (4) The governor.

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(j) With respect to a general reassessment of real property to be completed under section 4 of this chapter for an assessment date after the March 1, 2002, assessment date, the department of local government finance shall initiate a review with respect to the real property in a qualifying county or a township in a qualifying county, or a portion of the real property in a qualifying county or a township in a qualifying county. The department of local government finance may contract to have the review performed by an appraisal firm. The department of local government finance or its contractor shall determine for the real property under consideration and for the qualifying county or township the variance between:

- (1) the total assessed valuation of the real property within the qualifying county or township; and
- (2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

(k) If:

- (1) the variance determined under subsection (j) exceeds ten percent (10%); and
- (2) the department of local government finance determines after holding hearings on the matter that a special reassessment should be conducted;

the department shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

(l) If the variance determined under subsection (j) is ten percent (10%) or less, the department of local government finance shall determine whether to correct the valuation of the property under:

- (1) sections 9 and 10 of this chapter; or
- (2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

(m) The department of local government finance shall give notice by mail to a taxpayer of a hearing concerning the department's intent to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day the notice is mailed. The department of local government finance may conduct a single hearing under this section with respect to multiple properties. The notice must state:

- (1) the time of the hearing;
- (2) the location of the hearing; and
- (3) that the purpose of the hearing is to hear taxpayers' comments and objections with respect to the department of local government finance's intent to reassess property under this chapter.

(n) If the department of local government finance determines after

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the hearing that property should be reassessed under this section, the department shall:

- (1) cause the property to be reassessed under this section;
- (2) mail a certified notice of its final determination to the county auditor of the qualifying county in which the property is located; and
- (3) notify the taxpayer by mail of its final determination.

(o) A reassessment may be made under this section only if the notice of the final determination under subsection (m) is given to the taxpayer within the same period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4.

(p) If the department of local government finance contracts for a special reassessment of property under this section, the qualifying county shall pay the bill, without appropriation, from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract. Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

- (1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;
- (2) obtains from the department of local government finance:
 - (A) approval of the form and amount of the bill; and
 - (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
 - (A) a duplicate copy of the bill submitted to the department of local government finance;
 - (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and
 - (C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the

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claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(q) A qualifying official (as defined in IC 33-3-5-2.5) shall provide information requested in writing by the department of local government finance or the department's contractor under this section not later than seven (7) days after receipt of the written request from the department or the contractor. If a qualifying official (as defined in IC 33-3-5-2.5) fails to provide the requested information within the time permitted in this subsection, the department of local government finance or the department's contractor may seek an order of the tax court under IC 33-3-5-2.5 for production of the information.

(r) The provisions of this section are severable in the manner provided in IC 1-1-1-8(b).

(s) A contract entered into under subsection (e) is subject to this subsection. A contractor shall use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** to the extent that the contractor finds that the land values reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. If the contractor finds that the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** do not reflect the true tax value of land, the contractor shall determine land values for the qualifying county that reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. The land values determined by the contractor shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its repeal)**. The contractor shall notify the county assessor and the township assessors in the qualifying county of the land values as modified under this subsection. This subsection expires June

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1 30, 2004.

2 (t) A contractor acting under a contract under subsection (e) may

3 notify the department of local government finance if:

4 (1) the county auditor fails to:

5 (A) certify the bill;

6 (B) publish the claim;

7 (C) submit the claim to the county executive; or

8 (D) issue a warrant or check;

9 as required in subsection (h) at the first opportunity the county

10 auditor is legally permitted to do so;

11 (2) the county executive fails to allow the claim as required in

12 subsection (h) at the first opportunity the county executive is

13 legally permitted to do so; or

14 (3) a person or entity authorized to act on behalf of the county

15 takes or fails to take an action, including failure to request an

16 appropriation, and that action or failure to act delays or halts the

17 process under this section for payment of a bill submitted by a

18 contractor under subsection (h).

19 This subsection expires June 30, 2004.

20 (u) The department of local government finance, upon receiving

21 notice under subsection (t) from the contractor, shall:

22 (1) verify the accuracy of the contractor's assertion in the notice

23 that:

24 (A) a failure occurred as described in subsection (t)(1) or

25 (t)(2); or

26 (B) a person or entity acted or failed to act as described in

27 subsection (t)(3); and

28 (2) provide to the treasurer of state the department of local

29 government finance's approval under subsection (h)(2)(A) of the

30 bill with respect to which the contractor gave notice under

31 subsection (t).

32 This subsection expires June 30, 2004.

33 (v) Upon receipt of the approval of the department of local

34 government finance under subsection (u), the treasurer of state shall

35 pay the contractor the amount of the bill approved by the department

36 of local government finance from money in the possession of the state

37 that would otherwise be available for distribution to the qualifying

38 county, including distributions from the property tax replacement fund

39 or distributions of admissions taxes or wagering taxes. This subsection

40 expires June 30, 2004.

41 (w) The treasurer of state shall withhold from the part attributable

42 to the county of the next distribution to the county treasurer under

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IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b), or another law the amount of any payment made by the treasurer of state to the contractor under subsection (v). Money shall be deducted first from money payable under IC 6-1.1-21.4(b) and then from all other funds payable to the qualifying county. This subsection expires June 30, 2004.

(x) Compliance with subsections (t) through (w) shall be treated as compliance with IC 5-11-10. This subsection expires June 30, 2004.

(y) IC 5-11-10-1.6(d) applies to the treasurer of state with respect to the payment made in compliance with subsections (t) through (w). This subsection and subsections (t) through (x) shall be interpreted liberally so that the state shall, to the extent legally valid, ensure that the contractual obligations of a county under this section are paid. Nothing in this subsection or subsections (t) through (x) shall be construed to create a debt of the state. This subsection expires June 30, 2004.

(z) This section expires December 31, 2006.

SECTION 4. IC 6-1.1-4-35, AS ADDED BY P.L. 1-2004, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 35. (a) This section applies to a county other than a county subject to section 32 of this chapter.

(b) This section applies to a general reassessment of real property conducted under section 4(a) of this chapter that is scheduled to become effective for property taxes first due and payable in 2003.

(c) As used in this section, "department" refers to the department of local government finance.

(d) As used in this section, "reassessment official" means any of the following:

- (1) A county assessor.
- (2) A township assessor.
- (3) A township trustee-assessor.

(e) If:

- (1) the department determines that a county's reassessment officials are unable to complete the reassessment in a timely manner; or
- (2) the department determines that a county's reassessment officials are likely to complete the reassessment in an inaccurate manner;

the department may order a state conducted reassessment in the county. The department may consider a reassessment in a county untimely if the county does not submit the county's equalization study to the department in the manner prescribed under 50 IAC 14 before October 20, 2003. The department may consider the reassessment work of a county's reassessment officials inaccurate if the department determines

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1 from a sample of the assessments completed in the county that there is
 2 a variance exceeding ten percent (10%) between the total assessed
 3 valuation of the real property within the sample and the total assessed
 4 valuation that would result if the real property within the sample were
 5 valued in the manner provided by law.

6 (f) If the department orders a state conducted reassessment in a
 7 county, the department shall assume the duties of the county's
 8 reassessment officials. Notwithstanding sections 15 and 17 of this
 9 chapter, a reassessment official in a county subject to an order issued
 10 under this section may not assess property or have property assessed
 11 for the general reassessment. Until the state conducted reassessment is
 12 completed under this section, the reassessment duties of a reassessment
 13 official in the county are limited to providing the department or a
 14 contractor of the department the support and information requested by
 15 the department or the contractor.

16 (g) Before assuming the duties of a county's reassessment officials,
 17 the department shall transmit a copy of the department's order requiring
 18 a state conducted reassessment to the county's reassessment officials,
 19 the county fiscal body, the county auditor, and the county treasurer.
 20 Notice of the department's actions must be published one (1) time in a
 21 newspaper of general circulation in the county. The department is not
 22 required to conduct a public hearing before taking action under this
 23 section.

24 (h) Township and county officials in a county subject to an order
 25 issued under this section shall, at the request of the department or the
 26 department's contractor, make available and provide access to all:

- 27 (1) data;
- 28 (2) records;
- 29 (3) maps;
- 30 (4) parcel record cards;
- 31 (5) forms;
- 32 (6) computer software systems;
- 33 (7) computer hardware systems; and
- 34 (8) other information;

35 related to the reassessment of real property in the county. The
 36 information described in this subsection must be provided at no cost to
 37 the department or the contractor of the department. A failure to provide
 38 information requested under this subsection constitutes a failure to
 39 perform a duty related to a general reassessment and is subject to
 40 IC 6-1.1-37-2.

41 (i) The department may enter into a contract with a professional
 42 appraising firm to conduct a reassessment under this section. If a

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1 county or a township located in the county entered into a contract with
 2 a professional appraising firm to conduct the county's reassessment
 3 before the department orders a state conducted reassessment in the
 4 county under this section, the contract:

5 (1) is as valid as if it had been entered into by the department; and

6 (2) shall be treated as the contract of the department.

7 (j) After receiving the report of assessed values from the appraisal
 8 firm acting under a contract described in subsection (i), the department
 9 of local government finance shall give notice to the taxpayer and the
 10 county assessor, by mail, of the amount of the reassessment. The notice
 11 of reassessment:

12 (1) is subject to appeal by the taxpayer under section 37 of this
 13 chapter; and

14 (2) must include a statement of the taxpayer's rights under section
 15 37 of this chapter.

16 (k) The department shall forward a bill for services provided under
 17 a contract described in subsection (i) to the auditor of the county in
 18 which the state conducted reassessment occurs. The county shall pay
 19 the bill under the procedures prescribed by subsection (l).

20 (l) A county subject to an order issued under this section shall pay
 21 the cost of a contract described in subsection (i), without appropriation,
 22 from the county's property reassessment fund. A contractor may
 23 periodically submit bills for partial payment of work performed under
 24 the contract. Notwithstanding any other law, a contractor is entitled to
 25 payment under this subsection for work performed under a contract if
 26 the contractor:

27 (1) submits to the department a fully itemized, certified bill in the
 28 form required by IC 5-11-10-1 for the costs of the work performed
 29 under the contract;

30 (2) obtains from the department:

31 (A) approval of the form and amount of the bill; and

32 (B) a certification that the billed goods and services have been
 33 received and comply with the contract; and

34 (3) files with the county auditor:

35 (A) a duplicate copy of the bill submitted to the department;

36 (B) proof of the department's approval of the form and amount
 37 of the bill; and

38 (C) the department's certification that the billed goods and
 39 services have been received and comply with the contract.

40 The department's approval and certification of a bill under subdivision
 41 (2) shall be treated as conclusively resolving the merits of a contractor's
 42 claim. Upon receipt of the documentation described in subdivision (3),

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the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive. The county executive shall allow the claim, in full, as approved by the department, without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after the completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department. Compliance with this subsection constitutes compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim submitted under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(m) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department entered into under this section:

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.

(n) If the money in a county's property reassessment fund is insufficient to pay for a reassessment conducted under this section, the department may increase the tax rate and tax levy of the county's property reassessment fund to pay the cost and expenses related to the reassessment.

(o) The department or the contractor of the department shall use the land values determined under section 13.6 of this chapter **(before its repeal)** for a county subject to an order issued under this section to the extent that the department or the contractor finds that the land values reflect the true tax value of land, as determined under this article and the rules of the department. If the department or the contractor finds that the land values determined for the county under section 13.6 of this chapter **(before its repeal)** do not reflect the true tax value of land, the department or the contractor shall determine land values for the county that reflect the true tax value of land, as determined under this article and the rules of the department. Land values determined under this subsection shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its**

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repeal). The department or the contractor of the department shall notify the county's reassessment officials of the land values determined under this subsection.

(p) A contractor of the department may notify the department if:

(1) a county auditor fails to:

(A) certify the contractor's bill;

(B) publish the contractor's claim;

(C) submit the contractor's claim to the county executive; or

(D) issue a warrant or check for payment of the contractor's bill;

as required by subsection (l) at the county auditor's first legal opportunity to do so;

(2) a county executive fails to allow the contractor's claim as legally required by subsection (l) at the county executive's first legal opportunity to do so; or

(3) a person or an entity authorized to act on behalf of the county takes or fails to take an action, including failure to request an appropriation, and that action or failure to act delays or halts progress under this section for payment of the contractor's bill.

(q) The department, upon receiving notice under subsection (p) from a contractor of the department, shall:

(1) verify the accuracy of the contractor's assertion in the notice that:

(A) a failure occurred as described in subsection (p)(1) or (p)(2); or

(B) a person or entity acted or failed to act as described in subsection (p)(3); and

(2) provide to the treasurer of state the department's approval under subsection (l)(2)(A) of the contractor's bill with respect to which the contractor gave notice under subsection (p).

(r) Upon receipt of the department's approval of a contractor's bill under subsection (q), the treasurer of state shall pay the contractor the amount of the bill approved by the department from money in the possession of the state that would otherwise be available for distribution to the county, including distributions from the property tax replacement fund or distribution of admissions taxes or wagering taxes.

(s) The treasurer of state shall withhold from the money that would be distributed under IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b) or any other law to a county described in a notice provided under subsection (p) the amount of a payment made by the treasurer of state to the contractor of the department under subsection (r). Money shall be withheld first from the money payable to the county under

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1 IC 6-1.1-21-4(b) and then from all other sources payable to the county.

2 (t) Compliance with subsections (p) through (s) constitutes
3 compliance with IC 5-11-10.

4 (u) IC 5-11-10-1.6(d) applies to the treasurer of state with respect
5 to the payment made in compliance with subsections (p) through (s).
6 This subsection and subsections (p) through (s) must be interpreted
7 liberally so that the state shall, to the extent legally valid, ensure that
8 the contractual obligations of a county subject to this section are paid.
9 Nothing in this section shall be construed to create a debt of the state.

10 (v) The provisions of this section are severable as provided in
11 IC 1-1-1-8(b).

12 (w) This section expires January 1, 2007.

13 SECTION 5. IC 6-1.1-5.5-3, AS AMENDED BY P.L.1-2004,
14 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 UPON PASSAGE]: Sec. 3. (a) Before filing a conveyance document
16 with the county auditor under IC 6-1.1-5-4, all the parties to the
17 conveyance must complete and sign a sales disclosure form as
18 prescribed by the department of local government finance under
19 section 5 of this chapter. All the parties may sign one (1) form, or if all
20 the parties do not agree on the information to be included on the
21 completed form, each party may sign and file a separate form.

22 (b) Except as provided in subsection (c), the auditor shall forward
23 each sales disclosure form to the county assessor. The county assessor
24 shall retain the forms for five (5) years. The county assessor shall
25 forward the sales disclosure form data to the department of local
26 government finance and the legislative services agency:

27 (1) before January 1, 2005, in an electronic format, if possible;
28 and

29 (2) after December 31, 2004, in an electronic format specified
30 jointly by the department of local government finance and the
31 legislative services agency.

32 The county assessor shall forward a copy of the sales disclosure forms
33 to the township assessors in the county. The forms may be used by the
34 county assessing officials, the department of local government finance,
35 and the legislative services agency for the purposes established in
36 ~~IC 6-1.1-4-13.6~~, sales ratio studies, equalization, adoption of rules
37 under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized
38 purpose.

39 (c) In a county containing a consolidated city, the auditor shall
40 forward the sales disclosure form to the appropriate township assessor.
41 The township assessor shall forward the sales disclosure form to the
42 department of local government finance and the legislative services

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agency:

(1) before January 1, 2005, in an electronic format, if possible;

and

(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The township assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13-6; sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

SECTION 6. IC 6-1.1-12.1-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 14. Notwithstanding the enactment of P.L.245-2003 and P.L.256-2003, the duties under this chapter that are transferred from the department of local government finance to county auditors by the acts referred to in this section shall be performed by the department of local government finance for actions related to the granting of deductions for property taxes first due and payable in 2006.**

SECTION 7. IC 6-1.1-13-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1. The powers granted to each county property tax assessment board of appeals under this chapter apply only to the tangible property assessments made with respect to the last preceding assessment date.** Before a county property tax assessment board of appeals changes any valuation or adds any tangible property and the value of it to a return or the assessment rolls under this chapter, the board shall give prior notice by mail to the taxpayer. The notice must state a time when and place where the taxpayer may appear before the board. The time stated in the notice must be at least ten (10) days after the date the notice is mailed.

SECTION 8. IC 6-1.1-13-6, AS AMENDED BY P.L.256-2003, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 6. A county assessor shall inquire into the assessment of the classes of tangible property in the various townships of the county:**

(1) after March 1 in the year in which ~~the~~ a general reassessment of real property becomes effective under IC 6-1.1-4-4; or

(2) in other years under the rules of the department of local government finance pertaining to:

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1 (A) equalization under IC 6-1.1-14; and

2 (B) annual adjustments under IC 6-1.1-4-4.5.

3 The county assessor shall make any changes, whether increases or
4 decreases, in the assessed values which are necessary in order to
5 equalize these values in and between the various townships of the
6 county. In addition, the county assessor shall determine the percent to
7 be added to or deducted from the assessed values in order to make a
8 just, equitable, and uniform equalization of assessments in and between
9 the townships of the county.

10 SECTION 9. IC 6-1.1-13-7 IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) If a county
12 assessor proposes to change assessments under section 6 of this
13 chapter, the property tax assessment board of appeals shall hold a
14 hearing on the proposed changes:

15 (1) before July 15 in ~~the~~ a year in which a general assessment is
16 to commence; becomes effective; or

17 (2) in other years under the rules of the department of local
18 government finance pertaining to:

19 (A) equalization under IC 6-1.1-14; and

20 (B) annual adjustments under IC 6-1.1-4-4.5.

21 (b) It is sufficient notice of ~~the~~ a hearing under subsection (a) and
22 of any changes in assessments ordered by the board subsequent to the
23 hearing if the board gives notice by publication once either in:

24 (1) two (2) newspapers which represent different political parties
25 and which are published in the county; or

26 (2) one (1) newspaper only, if two (2) newspapers which
27 represent different political parties are not published in the
28 county.

29 SECTION 10. IC 6-1.1-14-4, AS AMENDED BY P.L.90-2002,
30 SECTION 130, IS AMENDED TO READ AS FOLLOWS
31 [EFFECTIVE UPON PASSAGE]: Sec. 4. The department of local
32 government finance shall review the assessments of all tangible
33 property made by the various counties of this state. **The department**
34 **of local government finance may employ qualified professional**
35 **appraisers and other professionals to assist in the review.** If the
36 department of local government finance determines that the assessment
37 of a county appears to be improper, the department shall mail a
38 certified notice to the auditor of the county informing the auditor of the
39 department's determination to consider the modification of that county's
40 assessment. The notice shall state whether the modification to be
41 considered is related to real property, personal property, or both. The
42 notice shall also state a day, at least ten (10) days after the day the

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notice is mailed, when a hearing on the assessment will be held. In addition to the notice to the county auditor, the department of local government finance shall give the notice, if any, required under section 9(a) of this chapter.

SECTION 11. IC 6-1.1-17-1, AS AMENDED BY P.L.90-2002, SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners **and in the form required by the department of local government finance**, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

- (1) information concerning the assessed valuation in the political subdivision for the next calendar year;
 - (2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;
 - (3) the current assessed valuation as shown on the abstract of charges;
 - (4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance; and
 - (5) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.
- (b) The estimate of taxes to be distributed shall be based on:
- (1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and
 - (2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

SECTION 12. IC 6-1.1-34-9, AS AMENDED BY P.L.90-2002, SECTION 244, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. In order to perform the duties assigned to it under this chapter, the department of local government finance:

- (1) shall conduct continuing studies of all property which is

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subject to assessment in this state;

(2) may request access to all local and state official records;

(3) may secure information from the federal government or from public or private agencies;

(4) **may:**

(A) contract with; and

(B) rely on findings made by:

the Indiana Fiscal Policy Institute and professional appraisers;

(5) may inspect a person's books, records, or property if the item is relevant to information which the department needs in order to implement this chapter; and

~~(5)~~ (6) may adopt appropriate forms and procedures.

SECTION 13. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31,

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- 1 1996; and
- 2 (B) five hundred dollars (\$500) for each additional amount
- 3 allowable under Section 63(f)(1) of the Internal Revenue Code
- 4 if the adjusted gross income of the taxpayer, or the taxpayer
- 5 and the taxpayer's spouse in the case of a joint return, is less
- 6 than forty thousand dollars (\$40,000).
- 7 This amount is in addition to the amount subtracted under
- 8 subdivision (4).
- 9 (6) Subtract an amount equal to the lesser of:
- 10 (A) that part of the individual's adjusted gross income (as
- 11 defined in Section 62 of the Internal Revenue Code) for that
- 12 taxable year that is subject to a tax that is imposed by a
- 13 political subdivision of another state and that is imposed on or
- 14 measured by income; or
- 15 (B) two thousand dollars (\$2,000).
- 16 (7) Add an amount equal to the total capital gain portion of a
- 17 lump sum distribution (as defined in Section 402(e)(4)(D) of the
- 18 Internal Revenue Code) if the lump sum distribution is received
- 19 by the individual during the taxable year and if the capital gain
- 20 portion of the distribution is taxed in the manner provided in
- 21 Section 402 of the Internal Revenue Code.
- 22 (8) Subtract any amounts included in federal adjusted gross
- 23 income under Section 111 of the Internal Revenue Code as a
- 24 recovery of items previously deducted as an itemized deduction
- 25 from adjusted gross income.
- 26 (9) Subtract any amounts included in federal adjusted gross
- 27 income under the Internal Revenue Code which amounts were
- 28 received by the individual as supplemental railroad retirement
- 29 annuities under 45 U.S.C. 231 and which are not deductible under
- 30 subdivision (1).
- 31 (10) Add an amount equal to the deduction allowed under Section
- 32 221 of the Internal Revenue Code for married couples filing joint
- 33 returns if the taxable year began before January 1, 1987.
- 34 (11) Add an amount equal to the interest excluded from federal
- 35 gross income by the individual for the taxable year under Section
- 36 128 of the Internal Revenue Code if the taxable year began before
- 37 January 1, 1985.
- 38 (12) Subtract an amount equal to the amount of federal Social
- 39 Security and Railroad Retirement benefits included in a taxpayer's
- 40 federal gross income by Section 86 of the Internal Revenue Code.
- 41 (13) In the case of a nonresident taxpayer or a resident taxpayer
- 42 residing in Indiana for a period of less than the taxpayer's entire

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taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)~~(iii) **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(20) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier

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1 **taxable year equal to the amount of adjusted gross income**
 2 **that would have been computed had an election for federal**
 3 **income tax purposes not been made for the year in which the**
 4 **property was placed in service to take deductions under**
 5 **Section 179 of the Internal Revenue Code in an aggregate**
 6 **amount exceeding twenty-five thousand dollars (\$25,000).**

7 (b) In the case of corporations, the same as "taxable income" (as
 8 defined in Section 63 of the Internal Revenue Code) adjusted as
 9 follows:

10 (1) Subtract income that is exempt from taxation under this article
 11 by the Constitution and statutes of the United States.

12 (2) Add an amount equal to any deduction or deductions allowed
 13 or allowable pursuant to Section 170 of the Internal Revenue
 14 Code.

15 (3) Add an amount equal to any deduction or deductions allowed
 16 or allowable pursuant to Section 63 of the Internal Revenue Code
 17 for taxes based on or measured by income and levied at the state
 18 level by any state of the United States.

19 (4) Subtract an amount equal to the amount included in the
 20 corporation's taxable income under Section 78 of the Internal
 21 Revenue Code.

22 (5) Add or subtract the amount necessary to make the adjusted
 23 gross income of any taxpayer that owns property for which bonus
 24 depreciation was allowed in the current taxable year or in an
 25 earlier taxable year equal to the amount of adjusted gross income
 26 that would have been computed had an election not been made
 27 under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue
 28 Code to apply bonus depreciation to the property in the year that
 29 it was placed in service.

30 **(6) Add or subtract the amount necessary to make the**
 31 **adjusted gross income of any taxpayer that placed Section 179**
 32 **property (as defined in Section 179 of the Internal Revenue**
 33 **Code) in service in the current taxable year or in an earlier**
 34 **taxable year equal to the amount of adjusted gross income**
 35 **that would have been computed had an election for federal**
 36 **income tax purposes not been made for the year in which the**
 37 **property was placed in service to take deductions under**
 38 **Section 179 of the Internal Revenue Code in an aggregate**
 39 **amount exceeding twenty-five thousand dollars (\$25,000).**

40 (c) In the case of life insurance companies (as defined in Section
 41 816(a) of the Internal Revenue Code) that are organized under Indiana
 42 law, the same as "life insurance company taxable income" (as defined

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in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

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(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue

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Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars (\$2,500).

SECTION 14. IC 6-3-1-11, AS AMENDED BY P.L.105-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2003~~ 2004.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2003~~ 2004, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2003~~ 2004, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act

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passed by Congress before January 1, ~~2003~~, **2004**, that is effective for any taxable year that began before January 1, ~~2003~~, **2004**, and that affects:

- (1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);
- (2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);
- (3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);
- (4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);
- (5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or
- (6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter.

SECTION 15. IC 6-3-1-33, AS ADDED BY P.L.105-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 33. As used in this article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal adjusted gross income or federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 16. IC 6-3.5-1.1-12, AS AMENDED BY P.L.90-2002, SECTION 293, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The part of a county's certified distribution for a calendar year that is to be used as property tax replacement credits shall be allocated by the county auditor among the civil taxing units and school corporations of the county.

(b) Except as provided in section 13 of this chapter, the amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive during a calendar year equals the product of:

- (1) that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year; multiplied by
- (2) a fraction:
 - (A) The numerator of the fraction equals the sum of the total

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property taxes ~~being that were certified to be~~ collected by the civil taxing unit or school corporation ~~during that in the~~ immediately preceding calendar year, **as provided in the approved abstract for the immediately preceding calendar year**, plus with respect to a civil taxing unit, the amount of federal revenue sharing funds and certified shares received by it during ~~that the immediately preceding~~ calendar year to the extent that they ~~are were~~ used to reduce its property tax levy below the limit imposed by IC 6-1.1-18.5 for that same calendar year.

(B) The denominator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by all civil taxing units and school corporations **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year**, plus the amount of federal revenue sharing funds and certified shares received by all civil taxing units in the county to the extent that they ~~are were~~ used to reduce the civil taxing units' property tax levies below the limits imposed by IC 6-1.1-18.5 for that same calendar year.

(c) The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits it is entitled to receive (after adjustment made under section 13 of this chapter) during that calendar year. The county auditor shall also certify these distributions to the county treasurer.

SECTION 17. IC 6-3.5-1.1-15, AS AMENDED BY P.L.255-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) As used in this section, "attributed levy" of a civil taxing unit means the sum of:

(1) the ad valorem property tax levy of the civil taxing unit that is ~~currently being was certified to be~~ collected ~~at the time the allocation is made;~~ **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year;** plus

(2) the ~~current~~ ad valorem property tax levy **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year**, of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or

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ordinarily attributable to the civil taxing unit; plus

(3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit) to reduce its ad valorem property tax levies below the limits imposed by IC 6-1.1-18.5; plus

(4) in the case of a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a percentage of the certified shares to be distributed in the county equal to the ratio of its attributed levy to the total attributed levies of all civil taxing units of the county.

(c) The local government tax control board established by IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (b)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed levy of its own. The local government tax control board shall certify the attributed levy amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed levy.

SECTION 18. IC 6-3.5-6-18, AS AMENDED BY P.L.255-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;

(2) fund the operation of a public communications system and

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computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;

(4) make payments permitted under IC 36-7-15.1-17.5;

(5) make payments permitted under subsection (i); and

(6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the total property taxes that ~~are first due and payable to~~ **were certified to be collected by** the civil taxing unit ~~during in~~ **in the immediately preceding** calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding calendar year,~~ plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to~~ **were certified to be collected by** all civil taxing units of the county during the **immediately preceding** calendar year, ~~in which the month falls, as provided in the approved abstract~~

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for the immediately preceding calendar year, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 19. IC 6-3.5-7-12, AS AMENDED BY P.L.224-2003, SECTION 255, AND AS AMENDED BY P.L.255-2003, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in sections 23, 25, ~~and~~ 26, and 27 of this chapter, the county auditor shall

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1 distribute in the manner specified in this section the certified
2 distribution to the county.

3 (b) Except as provided in subsections (c) and (h) and sections 15
4 and 25 of this chapter, the amount of the certified distribution that the
5 county and each city or town in a county is entitled to receive during
6 May and November of each year equals the product of the following:

7 (1) The amount of the certified distribution for that month;
8 multiplied by

9 (2) A fraction. The numerator of the fraction equals the sum of the
10 following:

11 (A) Total property taxes that ~~are first due and payable to were~~
12 **certified to be collected by** the county, city, or town during
13 the **immediately preceding** calendar year, ~~in which the month~~
14 ~~falls; as provided in the approved abstract for the~~
15 **immediately preceding calendar year; plus**

16 (B) For a county, an amount equal to

17 ~~(i) the property taxes imposed by the county in 1999 for the~~
18 ~~county's welfare fund and welfare administration fund. *plus*~~
19 ~~(ii) after December 31, 2004, the greater of zero (0) or the~~
20 ~~difference between the county hospital care for the indigent~~
21 ~~property tax levy imposed by the county in 2004, adjusted~~
22 ~~each year after 2004 by the statewide average assessed~~
23 ~~value growth quotient described in IC 12-16-14-3, minus the~~
24 ~~current uninsured parents program property tax levy~~
25 ~~imposed by the county.~~

26 The denominator of the fraction equals the sum of the total
27 property taxes that ~~are first due and payable to were certified to~~
28 **be collected by** the county and all cities and towns of the county
29 during the **immediately preceding** calendar year, ~~in which the~~
30 ~~month falls; as provided in the approved abstract for the~~
31 **immediately preceding calendar year**, plus an amount equal to
32 the property taxes imposed by the county in 1999 for the county's
33 welfare fund and welfare administration fund. ~~and after~~
34 ~~December 31, 2004, the greater of zero (0) or the difference~~
35 ~~between the county hospital care for the indigent property tax~~
36 ~~levy imposed by the county in 2004, adjusted each year after~~
37 ~~2004 by the statewide average assessed value growth quotient~~
38 ~~described in IC 12-16-14-3, minus the current uninsured parents~~
39 ~~program property tax levy imposed by the county.~~

40 (c) This subsection applies to a county council or county income tax
41 council that imposes a tax under this chapter after June 1, 1992. The
42 body imposing the tax may adopt an ordinance before July 1 of a year

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to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of

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sections 15, 25, and 26 of this chapter.

SECTION 20. IC 6-5.5-1-2, AS AMENDED BY P.L.105-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

(1) Add the following amounts:

(A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.

(B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property

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(as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(E) ~~Subtract~~ The amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation.

(F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus

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dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

(1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by

(2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

(1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and

(2) solicits or receives a payment to be made to itself and issues in exchange for the payment:

(A) a so-called bond;

(B) a share;

(C) a coupon;

(D) a certificate of membership;

(E) an agreement;

(F) a pretended agreement; or

(G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 21. IC 6-5.5-1-20, AS ADDED BY P.L.105-2003, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 20. As used in this

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article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 22. IC 21-3-1.7-7, AS AMENDED BY P.L.273-1999, SECTION 136, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. If a computation under this chapter results in a fraction and a rounding rule is not specified, the fraction shall be rounded as follows:

- (1) If it is a tax rate calculation, to the nearest ~~one-hundredth~~ **ten-thousandth** of a cent (~~\$0.0001~~): **(\$0.000001).**
- (2) If it is a tuition support calculation, to the nearest cent (\$0.01).
- (3) If it is a calculation not covered by subdivision (1) or (2), to the nearest ten-thousandth (.0001).

SECTION 23. IC 36-2-9-20, AS AMENDED BY P.L.245-2003, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. The county auditor shall:

- (1) maintain an electronic data file of the information contained on the tax duplicate for all:
 - (A) parcels; and
 - (B) personal property returns;
 for each township in the county as of each assessment date;
- (2) maintain the file in the form required by:
 - (A) the legislative services agency; and
 - (B) the department of local government finance; and
- (3) transmit **to the legislative services agency and the department of local government finance** the data in the file with respect to the assessment date of each year **in the form required by the department of local government finance** before the later of:
 - (A) March 1 of the next year; ~~to:~~
 - (A) ~~the legislative services agency; and or~~
 - (B) ~~the department of local government finance;~~ **thirty (30) days after the county mails its initial statement under IC 6-1.1-22-8.**

SECTION 24. [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: (a) **For purposes of this SECTION:**

- (1) "department" refers to the department of local government finance;

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(2) "district" refers to a solid waste management district that has territory in more than one (1) county; and

(3) "2004 levy" refers to the least of:

(A) the district's maximum permissible levy under IC 6-1.1-18.5-3;

(B) the district's advertised levy; and

(C) the district's adopted levy;

for 2003 taxes payable in 2004.

(b) Notwithstanding:

(1) IC 13-21-7; or

(2) any action taken by a county or a district to fix a property tax levy for 2003 taxes payable in 2004;

the department may, for each county that participates in a district, determine under this SECTION the part of the district's property tax levy under IC 13-21-3-12(13) for 2003 taxes payable in 2004 to be levied in the county.

(c) The amount of the part referred to in subsection (b) for a county that participates in a district is the amount that bears the same proportion to the 2004 levy that the certified assessed value of the county as of the 2002 assessment date bears to the total certified assessed value as of the 2002 assessment date of all counties that participate in the district.

(d) The department shall use the amount determined under subsection (c) in setting the tax rate of the county.

(e) This SECTION expires July 1, 2005.

SECTION 25. [EFFECTIVE UPON PASSAGE] (a) For purposes of this SECTION, "department" refers to the department of local government finance.

(b) Except as provided in subsection (g), the auditor of state shall not distribute to a county treasurer the part designated under subsection (c) of the money otherwise distributable in July, 2004, under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before July 1, 2004:

(1) the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor do not transmit to the department the data for all townships in the county required to be transmitted before October 1, 2003, under IC 6-1.1-4-25(b);

(2) the county assessor does not forward to the department the duplicate copies of all approved exemption applications required to be forwarded before August 2, 2003, under IC 6-1.1-11-8(a);

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(3) the county auditor does not send to the department a certified statement required to be sent before August 2, 2003, under IC 6-1.1-17-1 (as in effect before the amendments under this act); or

(4) the county auditor does not transmit to the department data required to be transmitted before March 1, 2003, under IC 36-2-9-20 (as in effect before the amendments under this act).

(c) The amount of money the auditor of state shall not distribute under subsection (b) equals the product of:

(1) two percent (2%); multiplied by

(2) the combined amounts of the distributions for March, April, and July 2004 referred to in IC 6-1.1-21-10(b).

(d) Except as provided in subsection (g), the auditor of state shall not distribute to a county treasurer two percent (2%) of the money otherwise distributable after July 2004 under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before the date of distribution the local officials referred to in subsection (b) have not provided all of the data and information referred to in subsection (b). The withholding under this subsection applies separately to each distribution referred to in IC 6-1.1-21-10(b).

(e) Amounts withheld from distribution to the county treasurer under this SECTION are in addition to any amounts withheld from distribution under IC 6-1.1-21-4(e) or IC 6-1.1-21-4(f), both as amended by this act, before deadlines in 2004 established in those sections for failure to provide data or information.

(f) The auditor of state shall consider the provision of information referred to in subsection (b) to be untimely if the department notifies the auditor of state in writing that information provided is inaccurate, incomplete, or, with respect to information referred to in subsection (b)(2), not in the form required by the department.

(g) The restrictions on distributions under subsection (b) do not apply if the department determines that the failure to provide information as referred to in subsection (b) is justified by unusual circumstances.

(h) When local officials provide the data and information referred to in subsection (b), money withheld under subsection (b) shall be distributed under IC 6-1.1-21-4(g) and IC 6-1.1-21-4(h), both as amended by this act.

(i) This SECTION expires January 1, 2006.

SECTION 26. [EFFECTIVE JULY 1, 2004] IC 6-1.1-19-1.5 and

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1 IC 21-3-1.7-7, both as amended by this act, apply only to property
2 taxes first due and payable after December 31, 2004.

3 SECTION 27. [EFFECTIVE UPON PASSAGE] The department
4 of local government finance may adopt temporary rules in the
5 manner provided for the adoption of emergency rules under
6 IC 4-22-2-37.1 to implement IC 6-1.1-12.1-14, as added by this act.
7 A temporary rule adopted under this SECTION expires on the
8 earliest of the following:

9 (1) The date of adoption under this SECTION of another
10 temporary rule that supersedes the temporary rule previously
11 adopted under this SECTION.

12 (2) The date of adoption under IC 4-22-2 of a permanent rule
13 that supersedes the temporary rule adopted under this
14 SECTION.

15 (3) January 1, 2006.

16 SECTION 28. THE FOLLOWING ARE REPEALED [EFFECTIVE
17 UPON PASSAGE]: IC 6-1.1-4-13.6; IC 6-1.1-4-13.8.

18 SECTION 29. [EFFECTIVE JANUARY 1, 2004
19 (RETROACTIVE)] IC 6-3-1-3.5, IC 6-3-1-11, and IC 6-5.5-1-2, all
20 as amended by this act, apply only to taxable years beginning after
21 December 31, 2003.

22 SECTION 30. [EFFECTIVE UPON PASSAGE] (a) The definitions
23 in IC 6-1.1-1 apply throughout this SECTION.

24 (b) This SECTION applies to a person who:

25 (1) is entitled to a credit under IC 6-6-5-5(b) against the
26 annual license excise tax payable in 2004 based on remaining
27 property tax deduction for the assessment date in 2003 under
28 IC 6-1.1-12-13, IC 6-1.1-12-14, IC 6-1.1-12-16, or
29 IC 6-1.1-12-17.4 after allowance of the deduction on real
30 estate and personal property owned by the person; and

31 (2) did not receive the credit referred to in subdivision (1)
32 because the assessed value of the person's real property for
33 the assessment date in 2003 was not determined by a
34 sufficiently early date to allow the application of the credit
35 referred to in subdivision (1) against the annual license excise
36 tax under IC 6-6-5 payable in 2004.

37 (c) A person is entitled to the credit referred to in subsection
38 (b)(1) against the person's annual license excise tax under IC 6-6-5
39 payable in 2005. The credit provided by this SECTION is in
40 addition to the credit that the person is otherwise entitled to under
41 IC 6-6-5-5(b).

42 SECTION 31. [EFFECTIVE UPON PASSAGE] (a) The definitions

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in IC 6-1.1-1 apply throughout this SECTION.

(b) As used in this SECTION, "taxpayer" means a nonprofit corporation that is an owner of land and improvements:

(1) that were owned, occupied, and used by the taxpayer to provide youths with the opportunity to play supervised and organized baseball or softball, or both, against other youths during the period preceding the assessment date in 2002 and continuing through the date that this SECTION is effective;

(2) for which a property tax liability exceeding twenty thousand dollars (\$20,000) was imposed for property taxes first due and payable in 2003;

(3) that would have qualified for an exemption under IC 6-1.1-10 from property taxes first due and payable in 2003 if the owner had complied with the filing requirements for the exemption in a timely manner; and

(4) that have been granted an exemption under IC 6-1.1-10 from property taxes first due and payable in 2004.

(c) The land and improvements described in subsection (b) are exempt under IC 6-1.1-10-16 from property taxes first due and payable in 2003, notwithstanding that the taxpayer failed to make a timely application for the exemption on or before May 15, 2002.

(d) The taxpayer may file a claim with the county auditor for a refund for the amount paid toward property taxes on the land and improvements described in subsection (b) that were billed to the taxpayer for property taxes first due and payable in 2003. The claim must be filed as set forth in IC 6-1.1-26-1. The claim must present sufficient facts for the county auditor to determine whether the claimant is a person that meets the qualifications described in subsection (b) and the amount that should be refunded to the taxpayer.

(e) Upon receiving a claim filed under this SECTION, the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the county auditor shall submit the claim under IC 6-1.1-26-3 to the county board of commissioners for review. The only grounds for disallowing the claim under IC 6-1.1-26-4 are that the claimant is not a person that meets the qualifications described in subsection (b) or that the amount claimed is not the amount due to the taxpayer. If the claim is allowed, the county auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount due the claimant under this SECTION. The amount of the refund must

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1 equal the amount of the claim allowed. Notwithstanding
 2 IC 6-1.1-26-5, no interest is payable on the refund.
 3 (f) This SECTION expires December 31, 2006.
 4 SECTION 32. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1055, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, after line 23, begin a new paragraph and insert:

"SECTION 3. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under

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subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's

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adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(20) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

(b) In the case of corporations, the same as "taxable income" (as

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defined in Section 63 of the Internal Revenue Code) adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
- (4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.
- (6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code

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for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income

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that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

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(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars (\$2,500).

SECTION 4. IC 6-3-1-11, AS AMENDED BY P.L.105-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2003~~ **2004**.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2003~~ **2004**, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2003~~ **2004**, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~2003~~ **2004**, that is effective for any taxable year that began before January 1, ~~2003~~ **2004**, and that affects:

- (1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);
- (2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);

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- (3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);
- (4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);
- (5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or
- (6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter.

SECTION 5. IC 6-3-1-33, AS ADDED BY P.L.105-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 33. As used in this article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal adjusted gross income or federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 6. IC 6-5.5-1-2, AS AMENDED BY P.L.105-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

- (1) Add the following amounts:
 - (A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.
 - (B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.
 - (C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.
 - (D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

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(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(E) ~~Subtract~~ The amount necessary to make the adjusted gross

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income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation.

(F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

- (1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by
- (2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

- (1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and
- (2) solicits or receives a payment to be made to itself and issues in exchange for the payment:
 - (A) a so-called bond;
 - (B) a share;
 - (C) a coupon;

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- (D) a certificate of membership;
- (E) an agreement;
- (F) a pretended agreement; or
- (G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 7. IC 6-5.5-1-20, AS ADDED BY P.L.105-2003, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 20. As used in this article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 8. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)] IC 6-3-1-3.5, IC 6-3-1-11, and IC 6-5.5-1-2, all as amended by this act, **apply only to taxable years beginning after December 31, 2003.**

SECTION 9. [EFFECTIVE UPON PASSAGE] (a) **A religious institution may file an application under IC 6-1.1-11 before May 11, 2004, for exemption of one (1) or more parcels of real property for property taxes first due and payable in 2002 if:**

- (1) **the religious institution did not file an application under IC 6-1.1-11 for exemption of the real property with respect to property taxes first due and payable in 2002;**
- (2) **the religious institution acquired the real property in 1999; and**
- (3) **the real property was exempt from property taxes for property taxes first due and payable in 2001.**

(b) **If a religious institution files an exemption application under subsection (a):**

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(1) the exemption application is subject to review and action by:

(A) the county property tax assessment board of appeals; and

(B) the department of local government finance; and

(2) the exemption determination made under subdivision (1) is subject to appeal;

in the same manner that would have applied if an application for exemption had been timely filed in 2001.

(c) If an exemption application filed under subsection (a) is approved, the religious institution may file a claim under IC 6-1.1-26-1 with the county auditor for a refund for the payment of property taxes first due and payable in 2002 with respect to the exempt property.

(d) Upon receiving a claim for a refund filed under subsection (c), the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount of the refund due the claimant. No interest is payable on the refund.

(e) This SECTION expires January 1, 2005.

SECTION 10. [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)] (a) This SECTION applies notwithstanding the following:

IC 6-1.1-3-7.5
 IC 6-1.1-10-10
 IC 6-1.1-10-13
 IC 6-1.1-10-31.1
 IC 6-1.1-11
 IC 6-1.1-12.1-5.4
 50 IAC 4.2-11
 50 IAC 4.2-12-1
 50 IAC 10-3
 50 IAC 16.

(b) As used in this SECTION, "taxpayer" means a taxpayer in a county containing a consolidated city that filed:

(1) an original personal property tax return under IC 6-1.1-3 for the March 1, 2001, assessment date using a consolidated return, Form 103-C; and
 (2) before March 1, 2003, a Form 133 petition for correction of an error with respect to the assessed value of the taxpayer's

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personal property on the March 1, 2001, assessment date.

(c) Before January 1, 2005, a taxpayer may file an amended personal property tax return for the March 1, 2001, assessment date.

(d) A taxpayer that files an amended personal property tax return under subsection (c) is entitled to the following exemptions for the March 1, 2001, assessment date:

- (1) An exemption for an industrial waste control facility under IC 6-1.1-10-9.
- (2) An exemption for an industrial air purification system under IC 6-1.1-10-12.
- (3) An exemption for tangible personal property under IC 6-1.1-10-29, as in effect on March 1, 2001.
- (4) An exemption for tangible personal property under IC 6-1.1-10-29.3.
- (5) An exemption for tangible personal property under IC 6-1.1-10-30.

(e) The amount of an exemption described in subsection (d)(1) or (d)(2) is based on the total cost of the industrial waste control facility or industrial air purification system reported by the taxpayer on a Form 103-P that must be filed with the amended personal property tax return filed under subsection (c).

(f) The total amount of the exemptions described in subsection (d)(3) through (d)(5) is:

- (1) the total cost of the taxpayer's finished goods reported on Schedule B, line 3 of the taxpayer's amended personal property tax return filed under subsection (c); multiplied by
- (2) the ratio reported by the taxpayer on the Form 103-W filed with the taxpayer's amended personal property tax return.

(g) Before January 1, 2005, a taxpayer may file with the county auditor an application for a deduction from assessed valuation for new manufacturing equipment in an economic revitalization area for the March 1, 2001, assessment date. The taxpayer shall include all necessary attachments to the deduction application.

(h) If a taxpayer files an amended personal property tax return under subsection (c) and a deduction application described in subsection (g), the taxpayer is entitled to a credit in the amount of the taxes paid by the taxpayer on the remainder of:

- (1) the assessed value reported on the taxpayer's original personal property tax return for the March 1, 2001, assessment date; minus

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- (2) the assessed value reported on the taxpayer's amended personal property tax return for the March 1, 2001, assessment date filed under subsection (c); minus
- (3) the amount of the deduction from assessed valuation claimed by the taxpayer on an application filed under subsection (g).

(i) The county auditor shall reduce the amount of the credit to which a taxpayer is entitled under subsection (h) by the amount of any property tax refunds paid:

- (1) to the taxpayer for personal property taxes based on the March 1, 2001, assessment date; and
- (2) before the date the taxpayer files an amended personal property tax return under subsection (c).

(j) Notwithstanding IC 6-1.1-26, the county auditor shall apply a credit allowed under this SECTION against the taxpayer's property tax liability for property taxes first due and payable in 2004 and in each year thereafter until the credit is exhausted. However, the county auditor may refund the remaining credit amount at any time before the credit is exhausted.

(k) A taxpayer is not required to file a separate application for the credit allowed under subsection (h).

(l) This SECTION expires January 1, 2007.

SECTION 11. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1055 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 28, nays 0.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1055 be amended to read as follows:

Page 15, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 11. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) As used in this SECTION, "taxpayer" means a nonprofit corporation that is an owner of land and improvements:

- (1) that were owned, occupied, and used by the taxpayer to provide youths with the opportunity to play supervised and organized baseball or softball, or both, against other youths during the period preceding the assessment date in 2002 and continuing through the date that this SECTION is effective;**
- (2) for which a property tax liability exceeding twenty thousand dollars (\$20,000) was imposed for property taxes first due and payable in 2003;**
- (3) that would have qualified for an exemption under IC 6-1.1-10 from property taxes first due and payable in 2003 if the owner had complied with the filing requirements for the exemption in a timely manner; and**
- (4) that have been granted an exemption under IC 6-1.1-10 from property taxes first due and payable in 2004.**

(c) The land and improvements described in subsection (b) are exempt under IC 6-1.1-10-16 from property taxes first due and payable in 2003, notwithstanding that the taxpayer failed to make a timely application for the exemption on or before May 15, 2002.

(d) The taxpayer may file a claim with the county auditor for a refund for the amount paid toward property taxes on the land and improvements described in subsection (b) that were billed to the taxpayer for property taxes first due and payable in 2003. The claim must be filed as set forth in IC 6-1.1-26-1. The claim must present sufficient facts for the county auditor to determine whether the claimant is a person that meets the qualifications described in subsection (b) and the amount that should be refunded to the taxpayer.

(e) Upon receiving a claim filed under this SECTION, the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the county auditor shall submit the claim under IC 6-1.1-26-3 to the county board of commissioners for review. The only grounds for disallowing the claim under IC 6-1.1-26-4 are that the claimant is not a person that meets the qualifications described in subsection

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(b) or that the amount claimed is not the amount due to the taxpayer. If the claim is allowed, the county auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount due the claimant under this SECTION. The amount of the refund must equal the amount of the claim allowed. Notwithstanding IC 6-1.1-26-5, no interest is payable on the refund.

(f) This SECTION expires December 31, 2006."

Renumber all SECTIONS consecutively.

(Reference is to HB 1055 as printed January 16, 2004.)

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SENATE MOTION

Madam President: I move that Senator Simpson be added as a second sponsor of Engrossed House Bill 1055.

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COMMITTEE REPORT

Madam President: The Senate Committee on Finance, to which was referred House Bill No. 1055, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-4-5, AS AMENDED BY P.L.90-2002, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A petition for the reassessment of real property situated within a township may be filed with the department of local government finance on or before March 31st of any year ~~which is not a general election year and~~ in which no general reassessment of real property is made.

(b) The petition ~~for reassessment referred to in subsection (a)~~ must be signed by ~~not less than the following percentage of all the owners of taxable real property who reside in the township:~~

(1) ~~fifteen percent (15%) for a township which does not contain an incorporated city or town;~~

(2) ~~five percent (5%) for a township containing all or part of an incorporated city or town which has a population of five thousand (5,000) or less;~~

(3) ~~four percent (4%) for a township containing all or part of an incorporated city which has a population of more than five thousand (5,000) but not exceeding ten thousand (10,000);~~

(4) ~~three percent (3%) for a township containing all or part of an incorporated city which has a population of more than ten thousand (10,000) but not exceeding fifty thousand (50,000);~~

(5) ~~two percent (2%) for a township containing all or part of an incorporated city which has a population of more than fifty thousand (50,000) but not exceeding one hundred fifty thousand (150,000); or~~

(6) ~~one percent (1%) for a township containing all or part of an incorporated city which has a population of more than one hundred fifty thousand (150,000);~~

~~at least the lesser of:~~

(1) ~~ten (10) owners of real property in a township; or~~

(2) ~~the number of owners of real property in the township that represents owners of one percent (1%) of the assessed value of real property in the township.~~

(c) The signatures on the petition ~~referred to in subsection (a)~~ must be verified by the oath of one (1) or more of the signers. ~~And, A certificate of the county auditor stating that the signers constitute the~~

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required number of resident owners of taxable real property of the township must accompany the petition.

SECTION 2. IC 6-1.1-4-27.5, AS AMENDED BY P.L.245-2003, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 27.5. (a) The auditor of each county shall establish a property reassessment fund. The county treasurer shall deposit all collections resulting from the property taxes that the county is required to levy under this section in the county's property reassessment fund.

(b) With respect to a general reassessment of real property that is to commence on July 1, 2007, and each fourth year thereafter, the county council of each county shall, for property taxes due in the year that the general reassessment is to commence and the three (3) years preceding that year, levy against all the taxable property in the county an amount equal to one-fourth (1/4) of the estimated cost of the general reassessment.

(c) The department of local government finance shall give to each county council notice, before January 1 in a year, of the tax levies required by this section for that year. **The county council may not reduce the tax levies required by this section as established by the department of local government finance.**

(d) The department of local government finance may raise or lower the property tax levy under this section for a year if the department determines it is appropriate because the estimated cost of a general reassessment, including a general reassessment to be completed for the March 1, 2002, assessment date, has changed.

(e) If the county council determines that there is insufficient money in the county's reassessment fund to pay all expenses (as permitted under sections 28.5 and 32 of this chapter) relating to the general reassessment of real property commencing July 1, 2000, the county may, for the purpose of paying expenses (as permitted under sections 28.5 and 32 of this chapter) relating to the general reassessment commencing July 1, 2000, use money deposited in the fund from the tax levy under this section for 2000 or a later year.

SECTION 3. IC 6-1.1-4-32, AS AMENDED BY P.L.235-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section, "contract" refers to a contract entered into under this section.

(b) As used in this section, "contractor" refers to a firm that enters into a contract with the department of local government finance under this section.

(c) As used in this section, "qualifying county" means a county

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having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(d) Notwithstanding sections 15 and 17 of this chapter, a township assessor in a qualifying county may not appraise property, or have property appraised, for the general reassessment of real property to be completed for the March 1, 2002, assessment date. Completion of that general reassessment in a qualifying county is instead governed by this section. The only duty of:

- (1) a township assessor in a qualifying county; or
- (2) a county assessor of a qualifying county;

with respect to that general reassessment is to provide to the department of local government finance or the department's contractor under subsection (e) any support and information requested by the department or the contractor. This subsection expires June 30, 2004.

(e) Subject to section 33 of this chapter, the department of local government finance shall select and contract with a certified public accounting firm with expertise in the appraisal of real property to appraise property for the general reassessment of real property in a qualifying county to be completed for the March 1, 2002, assessment date. The department of local government finance may enter into additional contracts to provide software or other auxiliary services to be used for the appraisal of property for the general reassessment. The contract applies for the appraisal of land and improvements with respect to all classes of real property in the qualifying county. The contract must include:

- (1) a provision requiring the appraisal firm to:
 - (A) prepare a detailed report of:
 - (i) expenditures made after July 1, 1999, and before the date of the report from the qualifying county's reassessment fund under section 28 of this chapter (repealed); and
 - (ii) the balance in the reassessment fund as of the date of the report; and
 - (B) file the report with:
 - (i) the legislative body of the qualifying county;
 - (ii) the prosecuting attorney of the qualifying county;
 - (iii) the department of local government finance; and
 - (iv) the attorney general;
- (2) a fixed date by which the appraisal firm must complete all responsibilities under the contract;
- (3) subject to subsection (t), a provision requiring the appraisal firm to use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)**;

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- (4) a penalty clause under which the amount to be paid for appraisal services is decreased for failure to complete specified services within the specified time;
- (5) a provision requiring the appraisal firm to make periodic reports to the department of local government finance;
- (6) a provision stipulating the manner in which, and the time intervals at which, the periodic reports referred to in subdivision (5) are to be made;
- (7) a precise stipulation of what service or services are to be provided;
- (8) a provision requiring the appraisal firm to deliver a report of the assessed value of each parcel in a township in the qualifying county to the department of local government finance; and
- (9) any other provisions required by the department of local government finance.

After December 31, 2001, the department of local government finance has all the powers and duties of the state board of tax commissioners provided under a contract entered into under this subsection (as effective before January 1, 2002) before January 1, 2002. The contract is valid to the same extent as if it were entered into by the department of local government finance. However, a reference in the contract to the state board of tax commissioners shall be treated as a reference to the department of local government finance. The contract shall be treated for all purposes, including the application of IC 33-3-5-2.5, as the contract of the department of local government finance. If the department of local government finance terminates a contract before completion of the work described in this subsection, the department shall contract for completion of the work as promptly as possible under IC 5-22-6. This subsection expires June 30, 2004.

(f) At least one (1) time each month, the contractors that will make physical visits to the site of real property for reassessment purposes shall publish a notice under IC 5-3-1 describing the areas that are scheduled to be visited within the next thirty (30) days and explaining the purposes of the visit. The notice shall be published in a way to promote understanding of the purposes of the visit in the affected areas. After receiving the report of assessed values from the appraisal firm acting under a contract described in subsection (e), the department of local government finance shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment:

- (1) is subject to appeal by the taxpayer under section 34 of this chapter; and

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(2) must include a statement of the taxpayer's rights under sections 33 and 34 of this chapter.

(g) The department of local government finance shall mail the notice required by subsection (f) within ninety (90) days after the department receives the report for a parcel from the professional appraisal firm. This subsection expires June 30, 2004.

(h) The qualifying county shall pay the cost of any contract under this section which shall be without appropriation from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract. However, the maximum amount that the qualifying county is obligated to pay for all contracts entered into under subsection (e) for the general reassessment of real property in the qualifying county to be completed for the March 1, 2002, assessment date is twenty-five million five hundred thousand dollars (\$25,500,000). Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

- (1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;
- (2) obtains from the department of local government finance:
 - (A) approval of the form and amount of the bill; and
 - (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
 - (A) a duplicate copy of the bill submitted to the department of local government finance;
 - (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and
 - (C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department

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of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection. This subsection expires June 30, 2004.

(i) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department of local government finance under this section:

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.
- (4) The governor.

(j) With respect to a general reassessment of real property to be completed under section 4 of this chapter for an assessment date after the March 1, 2002, assessment date, the department of local government finance shall initiate a review with respect to the real property in a qualifying county or a township in a qualifying county, or a portion of the real property in a qualifying county or a township in a qualifying county. The department of local government finance may contract to have the review performed by an appraisal firm. The department of local government finance or its contractor shall determine for the real property under consideration and for the qualifying county or township the variance between:

- (1) the total assessed valuation of the real property within the qualifying county or township; and
- (2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

(k) If:

- (1) the variance determined under subsection (j) exceeds ten percent (10%); and

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- (2) the department of local government finance determines after holding hearings on the matter that a special reassessment should be conducted;

the department shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

- (l) If the variance determined under subsection (j) is ten percent (10%) or less, the department of local government finance shall determine whether to correct the valuation of the property under:

- (1) sections 9 and 10 of this chapter; or
- (2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

- (m) The department of local government finance shall give notice by mail to a taxpayer of a hearing concerning the department's intent to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day the notice is mailed. The department of local government finance may conduct a single hearing under this section with respect to multiple properties. The notice must state:

- (1) the time of the hearing;
- (2) the location of the hearing; and
- (3) that the purpose of the hearing is to hear taxpayers' comments and objections with respect to the department of local government finance's intent to reassess property under this chapter.

- (n) If the department of local government finance determines after the hearing that property should be reassessed under this section, the department shall:

- (1) cause the property to be reassessed under this section;
- (2) mail a certified notice of its final determination to the county auditor of the qualifying county in which the property is located; and
- (3) notify the taxpayer by mail of its final determination.

- (o) A reassessment may be made under this section only if the notice of the final determination under subsection (m) is given to the taxpayer within the same period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4.

- (p) If the department of local government finance contracts for a special reassessment of property under this section, the qualifying county shall pay the bill, without appropriation, from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract. Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

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- (1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;
- (2) obtains from the department of local government finance:
 - (A) approval of the form and amount of the bill; and
 - (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
 - (A) a duplicate copy of the bill submitted to the department of local government finance;
 - (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and
 - (C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(q) A qualifying official (as defined in IC 33-3-5-2.5) shall provide information requested in writing by the department of local government finance or the department's contractor under this section not later than seven (7) days after receipt of the written request from the department

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or the contractor. If a qualifying official (as defined in IC 33-3-5-2.5) fails to provide the requested information within the time permitted in this subsection, the department of local government finance or the department's contractor may seek an order of the tax court under IC 33-3-5-2.5 for production of the information.

(r) The provisions of this section are severable in the manner provided in IC 1-1-1-8(b).

(s) A contract entered into under subsection (e) is subject to this subsection. A contractor shall use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** to the extent that the contractor finds that the land values reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. If the contractor finds that the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** do not reflect the true tax value of land, the contractor shall determine land values for the qualifying county that reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. The land values determined by the contractor shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its repeal)**. The contractor shall notify the county assessor and the township assessors in the qualifying county of the land values as modified under this subsection. This subsection expires June 30, 2004.

(t) A contractor acting under a contract under subsection (e) may notify the department of local government finance if:

- (1) the county auditor fails to:
 - (A) certify the bill;
 - (B) publish the claim;
 - (C) submit the claim to the county executive; or
 - (D) issue a warrant or check;

as required in subsection (h) at the first opportunity the county auditor is legally permitted to do so;

- (2) the county executive fails to allow the claim as required in subsection (h) at the first opportunity the county executive is legally permitted to do so; or

- (3) a person or entity authorized to act on behalf of the county takes or fails to take an action, including failure to request an appropriation, and that action or failure to act delays or halts the process under this section for payment of a bill submitted by a contractor under subsection (h).

This subsection expires June 30, 2004.

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(u) The department of local government finance, upon receiving notice under subsection (t) from the contractor, shall:

(1) verify the accuracy of the contractor's assertion in the notice that:

(A) a failure occurred as described in subsection (t)(1) or (t)(2); or

(B) a person or entity acted or failed to act as described in subsection (t)(3); and

(2) provide to the treasurer of state the department of local government finance's approval under subsection (h)(2)(A) of the bill with respect to which the contractor gave notice under subsection (t).

This subsection expires June 30, 2004.

(v) Upon receipt of the approval of the department of local government finance under subsection (u), the treasurer of state shall pay the contractor the amount of the bill approved by the department of local government finance from money in the possession of the state that would otherwise be available for distribution to the qualifying county, including distributions from the property tax replacement fund or distributions of admissions taxes or wagering taxes. This subsection expires June 30, 2004.

(w) The treasurer of state shall withhold from the part attributable to the county of the next distribution to the county treasurer under IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b), or another law the amount of any payment made by the treasurer of state to the contractor under subsection (v). Money shall be deducted first from money payable under IC 6-1.1-21.4(b) and then from all other funds payable to the qualifying county. This subsection expires June 30, 2004.

(x) Compliance with subsections (t) through (w) shall be treated as compliance with IC 5-11-10. This subsection expires June 30, 2004.

(y) IC 5-11-10-1.6(d) applies to the treasurer of state with respect to the payment made in compliance with subsections (t) through (w). This subsection and subsections (t) through (x) shall be interpreted liberally so that the state shall, to the extent legally valid, ensure that the contractual obligations of a county under this section are paid. Nothing in this subsection or subsections (t) through (x) shall be construed to create a debt of the state. This subsection expires June 30, 2004.

(z) This section expires December 31, 2006.

SECTION 4. IC 6-1.1-4-35, AS ADDED BY P.L.1-2004, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 35. (a) This section applies to a county other than a county subject to section 32 of this chapter.

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(b) This section applies to a general reassessment of real property conducted under section 4(a) of this chapter that is scheduled to become effective for property taxes first due and payable in 2003.

(c) As used in this section, "department" refers to the department of local government finance.

(d) As used in this section, "reassessment official" means any of the following:

- (1) A county assessor.
- (2) A township assessor.
- (3) A township trustee-assessor.

(e) If:

- (1) the department determines that a county's reassessment officials are unable to complete the reassessment in a timely manner; or
- (2) the department determines that a county's reassessment officials are likely to complete the reassessment in an inaccurate manner;

the department may order a state conducted reassessment in the county. The department may consider a reassessment in a county untimely if the county does not submit the county's equalization study to the department in the manner prescribed under 50 IAC 14 before October 20, 2003. The department may consider the reassessment work of a county's reassessment officials inaccurate if the department determines from a sample of the assessments completed in the county that there is a variance exceeding ten percent (10%) between the total assessed valuation of the real property within the sample and the total assessed valuation that would result if the real property within the sample were valued in the manner provided by law.

(f) If the department orders a state conducted reassessment in a county, the department shall assume the duties of the county's reassessment officials. Notwithstanding sections 15 and 17 of this chapter, a reassessment official in a county subject to an order issued under this section may not assess property or have property assessed for the general reassessment. Until the state conducted reassessment is completed under this section, the reassessment duties of a reassessment official in the county are limited to providing the department or a contractor of the department the support and information requested by the department or the contractor.

(g) Before assuming the duties of a county's reassessment officials, the department shall transmit a copy of the department's order requiring a state conducted reassessment to the county's reassessment officials, the county fiscal body, the county auditor, and the county treasurer.

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Notice of the department's actions must be published one (1) time in a newspaper of general circulation in the county. The department is not required to conduct a public hearing before taking action under this section.

(h) Township and county officials in a county subject to an order issued under this section shall, at the request of the department or the department's contractor, make available and provide access to all:

- (1) data;
- (2) records;
- (3) maps;
- (4) parcel record cards;
- (5) forms;
- (6) computer software systems;
- (7) computer hardware systems; and
- (8) other information;

related to the reassessment of real property in the county. The information described in this subsection must be provided at no cost to the department or the contractor of the department. A failure to provide information requested under this subsection constitutes a failure to perform a duty related to a general reassessment and is subject to IC 6-1.1-37-2.

(i) The department may enter into a contract with a professional appraising firm to conduct a reassessment under this section. If a county or a township located in the county entered into a contract with a professional appraising firm to conduct the county's reassessment before the department orders a state conducted reassessment in the county under this section, the contract:

- (1) is as valid as if it had been entered into by the department; and
- (2) shall be treated as the contract of the department.

(j) After receiving the report of assessed values from the appraisal firm acting under a contract described in subsection (i), the department of local government finance shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment:

- (1) is subject to appeal by the taxpayer under section 37 of this chapter; and
- (2) must include a statement of the taxpayer's rights under section 37 of this chapter.

(k) The department shall forward a bill for services provided under a contract described in subsection (i) to the auditor of the county in which the state conducted reassessment occurs. The county shall pay the bill under the procedures prescribed by subsection (l).

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(l) A county subject to an order issued under this section shall pay the cost of a contract described in subsection (i), without appropriation, from the county's property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under the contract. Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

- (1) submits to the department a fully itemized, certified bill in the form required by IC 5-11-10-1 for the costs of the work performed under the contract;
- (2) obtains from the department:
 - (A) approval of the form and amount of the bill; and
 - (B) a certification that the billed goods and services have been received and comply with the contract; and
- (3) files with the county auditor:
 - (A) a duplicate copy of the bill submitted to the department;
 - (B) proof of the department's approval of the form and amount of the bill; and
 - (C) the department's certification that the billed goods and services have been received and comply with the contract.

The department's approval and certification of a bill under subdivision (2) shall be treated as conclusively resolving the merits of a contractor's claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive. The county executive shall allow the claim, in full, as approved by the department, without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after the completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department. Compliance with this subsection constitutes compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim submitted under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(m) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2

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on a contract of the department entered into under this section:

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.

(n) If the money in a county's property reassessment fund is insufficient to pay for a reassessment conducted under this section, the department may increase the tax rate and tax levy of the county's property reassessment fund to pay the cost and expenses related to the reassessment.

(o) The department or the contractor of the department shall use the land values determined under section 13.6 of this chapter **(before its repeal)** for a county subject to an order issued under this section to the extent that the department or the contractor finds that the land values reflect the true tax value of land, as determined under this article and the rules of the department. If the department or the contractor finds that the land values determined for the county under section 13.6 of this chapter **(before its repeal)** do not reflect the true tax value of land, the department or the contractor shall determine land values for the county that reflect the true tax value of land, as determined under this article and the rules of the department. Land values determined under this subsection shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its repeal)**. The department or the contractor of the department shall notify the county's reassessment officials of the land values determined under this subsection.

(p) A contractor of the department may notify the department if:

- (1) a county auditor fails to:
 - (A) certify the contractor's bill;
 - (B) publish the contractor's claim;
 - (C) submit the contractor's claim to the county executive; or
 - (D) issue a warrant or check for payment of the contractor's bill;

as required by subsection (l) at the county auditor's first legal opportunity to do so;

(2) a county executive fails to allow the contractor's claim as legally required by subsection (l) at the county executive's first legal opportunity to do so; or

(3) a person or an entity authorized to act on behalf of the county takes or fails to take an action, including failure to request an appropriation, and that action or failure to act delays or halts progress under this section for payment of the contractor's bill.

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(q) The department, upon receiving notice under subsection (p) from a contractor of the department, shall:

(1) verify the accuracy of the contractor's assertion in the notice that:

(A) a failure occurred as described in subsection (p)(1) or (p)(2); or

(B) a person or entity acted or failed to act as described in subsection (p)(3); and

(2) provide to the treasurer of state the department's approval under subsection (l)(2)(A) of the contractor's bill with respect to which the contractor gave notice under subsection (p).

(r) Upon receipt of the department's approval of a contractor's bill under subsection (q), the treasurer of state shall pay the contractor the amount of the bill approved by the department from money in the possession of the state that would otherwise be available for distribution to the county, including distributions from the property tax replacement fund or distribution of admissions taxes or wagering taxes.

(s) The treasurer of state shall withhold from the money that would be distributed under IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b) or any other law to a county described in a notice provided under subsection (p) the amount of a payment made by the treasurer of state to the contractor of the department under subsection (r). Money shall be withheld first from the money payable to the county under IC 6-1.1-21-4(b) and then from all other sources payable to the county.

(t) Compliance with subsections (p) through (s) constitutes compliance with IC 5-11-10.

(u) IC 5-11-10-1.6(d) applies to the treasurer of state with respect to the payment made in compliance with subsections (p) through (s). This subsection and subsections (p) through (s) must be interpreted liberally so that the state shall, to the extent legally valid, ensure that the contractual obligations of a county subject to this section are paid. Nothing in this section shall be construed to create a debt of the state.

(v) The provisions of this section are severable as provided in IC 1-1-1-8(b).

(w) This section expires January 1, 2007.

SECTION 5. IC 6-1.1-5.5-3, AS AMENDED BY P.L.1-2004, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must complete and sign a sales disclosure form as prescribed by the department of local government finance under section 5 of this chapter. All the parties may sign one (1) form, or if all

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the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form.

(b) Except as provided in subsection (c), the auditor shall forward each sales disclosure form to the county assessor. The county assessor shall retain the forms for five (5) years. The county assessor shall forward the sales disclosure form data to the department of local government finance and the legislative services agency:

- (1) before January 1, 2005, in an electronic format, if possible; and
- (2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The county assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in ~~IC 6-1.1-4-13.6~~, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

(c) In a county containing a consolidated city, the auditor shall forward the sales disclosure form to the appropriate township assessor. The township assessor shall forward the sales disclosure form to the department of local government finance and the legislative services agency:

- (1) before January 1, 2005, in an electronic format, if possible; and
- (2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The township assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in ~~IC 6-1.1-4-13.6~~, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

SECTION 6. IC 6-1.1-12.1-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 14. Notwithstanding the enactment of P.L.245-2003 and P.L.256-2003, the duties under this chapter that are transferred from the department of local government finance to county auditors by the acts referred to in**

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this section shall be performed by the department of local government finance for actions related to the granting of deductions for property taxes first due and payable in 2006.

SECTION 7. IC 6-1.1-13-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. ~~The powers granted to each county property tax assessment board of appeals under this chapter apply only to the tangible property assessments made with respect to the last preceding assessment date.~~ Before a county property tax assessment board of appeals changes any valuation or adds any tangible property and the value of it to a return or the assessment rolls under this chapter, the board shall give prior notice by mail to the taxpayer. The notice must state a time when and place where the taxpayer may appear before the board. The time stated in the notice must be at least ten (10) days after the date the notice is mailed.

SECTION 8. IC 6-1.1-13-6, AS AMENDED BY P.L.256-2003, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. A county assessor shall inquire into the assessment of the classes of tangible property in the various townships of the county:

- (1) after March 1 in the year in which ~~the~~ a general reassessment of real property becomes effective under IC 6-1.1-4-4; or
- (2) in other years under the rules of the department of local government finance pertaining to:
 - (A) equalization under IC 6-1.1-14; and
 - (B) annual adjustments under IC 6-1.1-4-4.5.

The county assessor shall make any changes, whether increases or decreases, in the assessed values which are necessary in order to equalize these values in and between the various townships of the county. In addition, the county assessor shall determine the percent to be added to or deducted from the assessed values in order to make a just, equitable, and uniform equalization of assessments in and between the townships of the county.

SECTION 9. IC 6-1.1-13-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) If a county assessor proposes to change assessments under section 6 of this chapter, the property tax assessment board of appeals shall hold a hearing on the proposed changes:

- (1) before July 15 in ~~the~~ a year in which a general assessment is to commence; becomes effective; or
- (2) in other years under the rules of the department of local government finance pertaining to:
 - (A) equalization under IC 6-1.1-14; and



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(B) annual adjustments under IC 6-1.1-4-4.5.

(b) It is sufficient notice of ~~the~~ a hearing under subsection (a) and of any changes in assessments ordered by the board subsequent to the hearing if the board gives notice by publication once either in:

- (1) two (2) newspapers which represent different political parties and which are published in the county; or
- (2) one (1) newspaper only, if two (2) newspapers which represent different political parties are not published in the county.

SECTION 10. IC 6-1.1-14-4, AS AMENDED BY P.L.90-2002, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The department of local government finance shall review the assessments of all tangible property made by the various counties of this state. **The department of local government finance may employ qualified professional appraisers and other professionals to assist in the review.** If the department of local government finance determines that the assessment of a county appears to be improper, the department shall mail a certified notice to the auditor of the county informing the auditor of the department's determination to consider the modification of that county's assessment. The notice shall state whether the modification to be considered is related to real property, personal property, or both. The notice shall also state a day, at least ten (10) days after the day the notice is mailed, when a hearing on the assessment will be held. In addition to the notice to the county auditor, the department of local government finance shall give the notice, if any, required under section 9(a) of this chapter.

SECTION 11. IC 6-1.1-17-1, AS AMENDED BY P.L.90-2002, SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners **and in the form required by the department of local government finance,** to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

- (1) information concerning the assessed valuation in the political subdivision for the next calendar year;
- (2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;
- (3) the current assessed valuation as shown on the abstract of charges;

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(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance; and

(5) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision."

Page 2, delete lines 1 through 23, begin a new paragraph and insert:

"SECTION 12. IC 6-1.1-34-9, AS AMENDED BY P.L.90-2002, SECTION 244, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. In order to perform the duties assigned to it under this chapter, the department of local government finance:

(1) shall conduct continuing studies of all property which is subject to assessment in this state;

(2) may request access to all local and state official records;

(3) may secure information from the federal government or from public or private agencies;

(4) **may:**

(A) contract with; and

(B) rely on findings made by:

the Indiana Fiscal Policy Institute and professional appraisers;

(5) may inspect a person's books, records, or property if the item is relevant to information which the department needs in order to implement this chapter; and

~~(5)~~ (6) may adopt appropriate forms and procedures."

Page 9, between lines 37 and 38, begin a new paragraph and insert:

"SECTION 16. IC 6-3.5-1.1-12, AS AMENDED BY P.L.90-2002, SECTION 293, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The part of a county's certified distribution for a calendar year that is to be used as property

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tax replacement credits shall be allocated by the county auditor among the civil taxing units and school corporations of the county.

(b) Except as provided in section 13 of this chapter, the amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive during a calendar year equals the product of:

(1) that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year; multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by the civil taxing unit or school corporation ~~during that in the~~ **immediately preceding** calendar year, **as provided in the approved abstract for the immediately preceding calendar year**, plus with respect to a civil taxing unit, the amount of federal revenue sharing funds and certified shares received by it during ~~that the immediately preceding~~ calendar year to the extent that they ~~are were~~ used to reduce its property tax levy below the limit imposed by IC 6-1.1-18.5 for that same calendar year.

(B) The denominator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by all civil taxing units and school corporations **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year**, plus the amount of federal revenue sharing funds and certified shares received by all civil taxing units in the county to the extent that they ~~are were~~ used to reduce the civil taxing units' property tax levies below the limits imposed by IC 6-1.1-18.5 for that same calendar year.

(c) The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits it is entitled to receive (after adjustment made under section 13 of this chapter) during that calendar year. The county auditor shall also certify these distributions to the county treasurer.

SECTION 17. IC 6-3.5-1.1-15, AS AMENDED BY P.L.255-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) As used in this section, "attributed

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levy" of a civil taxing unit means the sum of:

- (1) the ad valorem property tax levy of the civil taxing unit that is ~~currently being~~ **was certified to be** collected at the time the allocation is made; ~~in the immediately preceding calendar year,~~ **as provided in the approved abstract for the immediately preceding calendar year;** plus
- (2) the ~~current~~ ad valorem property tax levy **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year,** of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus
- (3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit) to reduce its ad valorem property tax levies below the limits imposed by IC 6-1.1-18.5; plus
- (4) in the case of a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a percentage of the certified shares to be distributed in the county equal to the ratio of its attributed levy to the total attributed levies of all civil taxing units of the county.

(c) The local government tax control board established by IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (b)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed levy of its own. The local government tax control board shall certify the attributed levy amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The

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certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed levy.

SECTION 18. IC 6-3.5-6-18, AS AMENDED BY P.L.255-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection (i); and
- (6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

- (1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the total

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property taxes that ~~are first due and payable to~~ **were certified to be collected by** the civil taxing unit ~~during in~~ **the immediately preceding** calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding calendar year,~~ plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to~~ **were certified to be collected by** all civil taxing units of the county during the **immediately preceding** calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding calendar year,~~ plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

- (1) The amount to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge

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revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 19. IC 6-3.5-7-12, AS AMENDED BY P.L.224-2003, SECTION 255, AND AS AMENDED BY P.L.255-2003, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in sections 23, 25, ~~and 26, and 27~~ of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and sections 15 and 25 of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that ~~are first due and payable to were certified to be collected by~~ the county, city, or town during the ~~immediately preceding~~ calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding calendar year;~~ plus

(B) For a county, an amount equal to

~~(i) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. plus~~
~~(ii) after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~

The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to were certified to be collected by~~ the county and all cities and towns of the county during the ~~immediately preceding~~ calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding calendar year,~~ plus an amount equal to

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the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. *and after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.*

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

- (1) The ordinance is effective January 1 of the following year.
- (2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

- (3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

- (1) The county.
- (2) A city or town in the county.
- (3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive

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under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15, 25, and 26 of this chapter."

Page 13, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 22. IC 21-3-1.7-7, AS AMENDED BY P.L.273-1999, SECTION 136, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. If a computation under this chapter results in a fraction and a rounding rule is not specified, the fraction shall be rounded as follows:

- (1) If it is a tax rate calculation, to the nearest ~~one-hundredth~~ **ten-thousandth** of a cent (~~\$0.0001~~): **(\$0.000001)**.
- (2) If it is a tuition support calculation, to the nearest cent (\$0.01).
- (3) If it is a calculation not covered by subdivision (1) or (2), to the nearest ten-thousandth (.0001).

SECTION 23. IC 36-2-9-20, AS AMENDED BY P.L.245-2003, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. The county auditor shall:

- (1) maintain an electronic data file of the information contained on the tax duplicate for all:

- (A) parcels; and
- (B) personal property returns;

for each township in the county as of each assessment date;

- (2) maintain the file in the form required by:

- (A) the legislative services agency; and
- (B) the department of local government finance; and

- (3) transmit **to the legislative services agency and the department of local government finance** the data in the file with respect to the assessment date of each year **in the form required by the department of local government finance** before the later of:

- (A) March 1 of the next year; ~~to~~
- (~~A~~) ~~the legislative services agency; and or~~
- (B) ~~the department of local government finance; thirty (30)~~

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days after the county mails its initial statement under IC 6-1.1-22-8.

SECTION 24. [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: (a) For purposes of this SECTION:

- (1) "department" refers to the department of local government finance;
- (2) "district" refers to a solid waste management district that has territory in more than one (1) county; and
- (3) "2004 levy" refers to the least of:
 - (A) the district's maximum permissible levy under IC 6-1.1-18.5-3;
 - (B) the district's advertised levy; and
 - (C) the district's adopted levy;
 for 2003 taxes payable in 2004.

(b) Notwithstanding:

- (1) IC 13-21-7; or
- (2) any action taken by a county or a district to fix a property tax levy for 2003 taxes payable in 2004;

the department may, for each county that participates in a district, determine under this SECTION the part of the district's property tax levy under IC 13-21-3-12(13) for 2003 taxes payable in 2004 to be levied in the county.

(c) The amount of the part referred to in subsection (b) for a county that participates in a district is the amount that bears the same proportion to the 2004 levy that the certified assessed value of the county as of the 2002 assessment date bears to the total certified assessed value as of the 2002 assessment date of all counties that participate in the district.

(d) The department shall use the amount determined under subsection (c) in setting the tax rate of the county.

(e) This SECTION expires July 1, 2005.

SECTION 25. [EFFECTIVE UPON PASSAGE] (a) For purposes of this SECTION, "department" refers to the department of local government finance.

(b) Except as provided in subsection (g), the auditor of state shall not distribute to a county treasurer the part designated under subsection (c) of the money otherwise distributable in July, 2004, under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before July 1, 2004:

- (1) the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor do not transmit to the department the data for all

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townships in the county required to be transmitted before October 1, 2003, under IC 6-1.1-4-25(b);

(2) the county assessor does not forward to the department the duplicate copies of all approved exemption applications required to be forwarded before August 2, 2003, under IC 6-1.1-11-8(a);

(3) the county auditor does not send to the department a certified statement required to be sent before August 2, 2003, under IC 6-1.1-17-1 (as in effect before the amendments under this act); or

(4) the county auditor does not transmit to the department data required to be transmitted before March 1, 2003, under IC 36-2-9-20 (as in effect before the amendments under this act).

(c) The amount of money the auditor of state shall not distribute under subsection (b) equals the product of:

(1) two percent (2%); multiplied by

(2) the combined amounts of the distributions for March, April, and July 2004 referred to in IC 6-1.1-21-10(b).

(d) Except as provided in subsection (g), the auditor of state shall not distribute to a county treasurer two percent (2%) of the money otherwise distributable after July 2004 under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before the date of distribution the local officials referred to in subsection (b) have not provided all of the data and information referred to in subsection (b). The withholding under this subsection applies separately to each distribution referred to in IC 6-1.1-21-10(b).

(e) Amounts withheld from distribution to the county treasurer under this SECTION are in addition to any amounts withheld from distribution under IC 6-1.1-21-4(e) or IC 6-1.1-21-4(f), both as amended by this act, before deadlines in 2004 established in those sections for failure to provide data or information.

(f) The auditor of state shall consider the provision of information referred to in subsection (b) to be untimely if the department notifies the auditor of state in writing that information provided is inaccurate, incomplete, or, with respect to information referred to in subsection (b)(2), not in the form required by the department.

(g) The restrictions on distributions under subsection (b) do not apply if the department determines that the failure to provide information as referred to in subsection (b) is justified by unusual circumstances.

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(h) When local officials provide the data and information referred to in subsection (b), money withheld under subsection (b) shall be distributed under IC 6-1.1-21-4(g) and IC 6-1.1-21-4(h), both as amended by this act.

(i) This SECTION expires January 1, 2006.

SECTION 26. [EFFECTIVE JULY 1, 2004] IC 6-1.1-19-1.5 and IC 21-3-1.7-7, both as amended by this act, apply only to property taxes first due and payable after December 31, 2004.

SECTION 27. [EFFECTIVE UPON PASSAGE] The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement IC 6-1.1-12.1-14, as added by this act. A temporary rule adopted under this SECTION expires on the earliest of the following:

(1) The date of adoption under this SECTION of another temporary rule that supersedes the temporary rule previously adopted under this SECTION.

(2) The date of adoption under IC 4-22-2 of a permanent rule that supersedes the temporary rule adopted under this SECTION.

(3) January 1, 2006.

SECTION 28. THE FOLLOWING ARE REPEALED [EFFECTIVE UPON PASSAGE]: IC 6-1.1-4-13.6; IC 6-1.1-4-13.8."

Page 13, delete lines 5 through 42, begin a new paragraph and insert:

"SECTION 30. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) This SECTION applies to a person who:

(1) is entitled to a credit under IC 6-6-5-5(b) against the annual license excise tax payable in 2004 based on remaining property tax deduction for the assessment date in 2003 under IC 6-1.1-12-13, IC 6-1.1-12-14, IC 6-1.1-12-16, or IC 6-1.1-12-17.4 after allowance of the deduction on real estate and personal property owned by the person; and

(2) did not receive the credit referred to in subdivision (1) because the assessed value of the person's real property for the assessment date in 2003 was not determined by a sufficiently early date to allow the application of the credit referred to in subdivision (1) against the annual license excise tax under IC 6-6-5 payable in 2004.

(c) A person is entitled to the credit referred to in subsection (b)(1) against the person's annual license excise tax under IC 6-6-5

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payable in 2005. The credit provided by this SECTION is in addition to the credit that the person is otherwise entitled to under IC 6-6-5-5(b).".

Delete page 14.

Page 15, delete lines 1 through 39.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1055 as reprinted January 21, 2004.)

BORST, Chairperson

Committee Vote: Yeas 13, Nays 0.

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